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Eastern District of California

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FORMER EDD EMPLOYEE PLEADS GUILTY TO SCHEME TO PROVIDE FRAUDULENT DISABILITY PAYMENTS TO FRIENDS

SACRAMENTO, Calif. — United States Attorney Benjamin B. Wagner announced today that AUDREY RENEE BELL, 49, of Pacoima, Calif., pleaded guilty today after the United States rested its case last week in a two-week jury trial. The guilty plea was entered before Senior United States District Judge Lawrence K. Karlton to 10 counts of mail fraud.

This case is the product of an extensive investigation by the State of California Employment Development Department (EDD) Investigation Division.

According to Assistant United States Attorneys Matthew Stegman and Michael Anderson, who are prosecuting the case, the evidence at trial showed that Bell defrauded her employer, EDD, by approving false disability claims for her friends by entering false information into the EDD computer system. Between July of 2003 and January of 2006, Bell defrauded EDD of over \$110,000.

Bell was a disability insurance program representative (DIPR) in EDD's Van Nuys office who reviewed and authorized payments on disability claims. EDD is the state agency that pays disability insurance benefits to California workers who become disabled.

Calls to the EDD fraud hotline (800-229-6297) led to the investigation. The first call from an anonymous person reported that an EDD employee known as "Star" had illegally given disability insurance benefits to a friend. Another anonymous caller reported that a claimant was collecting disability benefits while employed full time. The follow-up investigation revealed that both claims were handled by Bell, who goes by the nickname "Star." EDD investigators looked at these claims and others and determined that Bell was fraudulently authorizing claims for friends of hers who were not disabled.

In particular, evidence at trial showed that in order to authorize payments to her friends, Bell made entries in the EDD computer system that falsely indicated she had received the required paper documents to substantiate the claims, such as doctor's certifications, when in fact she had not received any such documentation. These false entries caused disability benefit checks to be mailed to her friends. After the friends received the checks in the mail, Bell instructed them to cash the checks and meet her in locations such as parking lots and restaurants where Bell took a cut of the fraud proceeds.

At trial, a number of Bell's friends testified against her, saying that they committed fraud with Bell, and that Bell generally took a cut of about half the money. In addition, a chiropractor testified that he would meet Bell in a post office parking lot to collect cash from Bell in exchange for having certified her friends as disabled.

The defendant is scheduled to be sentenced by Judge Karlton on January 20, 2010 at 9:15

a.m. The maximum statutory penalty for a violation of mail fraud is 20 years in federal prison and a fine of up to \$250,000. However, the actual sentence will be determined at the discretion of the court after consideration of the Federal Sentencing Guidelines, which take into account a number of variables, and any applicable statutory sentencing factors.

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